

LESLIE TOWNSHIP, MICHIGAN

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

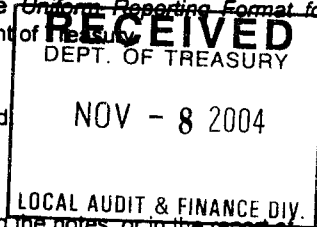
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name LESLIE TOWNSHIP	County INGHAM
Audit Date JUNE 30, 2004	Opinion Date SEPTEMBER 30, 2004	Date Accountant Report Submitted to State: OCTOBER 25, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) DAVID E. HADDRILL, PC			
Street Address 834 N. CAPITOL AVE		City LANSING	State MI
Accountant Signature David E. Haddrill, CPA		ZIP 48906-5114	Date 10-27-04

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David E. Haddrill, P.C.
Certified Public Accountant

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September 30, 2004

Township Board
Leslie Township

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Leslie Township as of and for the year ended June 30, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Leslie Township, Michigan, management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Leslie Township, Michigan as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of June 30, 2004.

The management's discussion and analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Leslie Township, Michigan basic financial statements. The statements of revenues, expenditures and changes in fund balance, and the General Fund Schedule of Revenues and Schedule of Appropriations and Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

David E. Haddrill, P.C.

Certified Public Accountant

LESLIE TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

As the Township Board of Leslie Township, we offer readers of the township's financial statements this narrative overview and analysis of the financial activities of Leslie Township for the fiscal year June 30, 2004.

Financial Highlights

The assets of Leslie Township exceeded its liabilities at June 30, 2004 by \$1,144,459 (net assets). Of this amount, \$173,521 (unrestricted net assets) may be used to meet the Township's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Leslie Township's governmental funds reported combined ending fund balances of \$331,427, an increase of \$79,003 in comparison with the prior year. The total amount, \$331,427 is available for spending at the township's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$173,521, or 52.8 percent of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Leslie Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how of the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements report the functions of the Township, which are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Township include: general government, public safety, public works, health and welfare, and culture and recreation.

The government-wide financial statements can be found on pages 6 and 7 of this report

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Leslie Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the township can be divided into two categories: governmental funds and fiduciary funds.

LESLIE TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental fund financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluation of a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Leslie Township maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Fire Protection Fund, Road Improvement Fund and Cemetery Funds which are considered to be major funds. Data from the public improvement funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund and other major funds to demonstrate compliance with this budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-15 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Leslie Township, assets exceeded liabilities by \$1,144,459 at the close of the most recent fiscal year.

By far the most significant portion of the Township's net assets (71 percent) reflects its investment in capital assets (e.g., land, buildings, and equipment). The Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

TOWNSHIP'S NET ASSETS

	Total
Current and other assets	\$ 351 864
Capital assets	813 032
Total assets	<u>1 164 896</u>
Current liabilities	<u>20 437</u>
Net Assets	
Invested in capital assets	813 032
Restricted	157 906
Unrestricted	173 521
Total net assets	<u>\$ 1 144 459</u>

LESLIE TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

Of the Township's net assets, \$173,521 may be used to meet the Township's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its governmental activities.

The Township's net assets increased by \$44,283 during the current fiscal year as discussed below.

Governmental Activities. Governmental activities increased the Township's net assets by \$44,283.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the township's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$331,427, an increase of \$79,003 in comparison with the prior year. All of this amount constitutes unreserved fund balance, which is available for spending at the Township's discretion.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$173,521. Unreserved fund balance represents 52.8 percent of the total general fund expenditures.

The fund balance of the Township's general fund decreased by \$22,748 during the current fiscal year.

General Fund Budgetary Highlights

There were no differences between the original total budget and the final amended total budget.

Capital Asset Administration

Capital Assets. The township's investment in capital assets for its governmental activities as of June 30, 2004, amounts to \$813,032 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, improvements, equipment, park facilities, etc). The total decrease in the Township's investment in capital assets for the current fiscal year was 4.0 percent.

Details of the Township's capital assets are continued in the notes to the financial statements on pages 13 and 14.

Economic Factors and Next Year's Budget and Rates

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in the state-shared revenues. State-shared revenues are expected to decrease in 2004-2005 fiscal year. The Township budgeted for a decrease in state-shared revenue. The Township's millage rate was reduced again by the Headlee Amendment rollback. These factors were considered in preparing the Township's budget for the 2004-2005 fiscal year.

LESLIE TOWNSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

During the current fiscal year, unreserved fund balance in the general fund decreased to \$173,521. The Township has presented a budget in the 2004-2005 fiscal year that appropriates \$68,975 of the General Fund unreserved fund balance.

Request for Information

This financial report is designed to provide a general overview of Leslie Township's finances for all those with an interest in the township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Supervisor of Leslie Township at (517) 589-8201.

LESLIE TOWNSHIP
STATEMENT OF NET ASSETS
JUNE 30, 2004

Governmental
activities

ASSETS

Cash and cash equivalents	\$ 349 740
Receivables	2 124
Capital assets - net	<u>813 032</u>
Total assets	<u>1 164 896</u>

LIABILITIES

Accounts payable	3 316
Accrued payroll	<u>17 121</u>
Total liabilities	<u>20 437</u>

NET ASSETS

Invested in capital assets	813 032
Restricted for	
Fire Department	10 032
Park pavilion	14 889
Fire protection	1 228
Road improvement	89 143
Cemetery maintenance	42 614
Unrestricted	<u>173 521</u>
Total net assets	<u>\$ 1 144 459</u>

See accompanying notes to financial statements.

LESLIE TOWNSHIP
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2004

	<u>General Fund</u>	<u>Fire Protection Fund</u>	<u>Road Improvement Fund</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 185 642	\$ 7 420	\$ 89 143
Receivables	1 970		
Due from Tax Revolving Fund	154		
Due from Fire Protection Fund	<u>6 192</u>		
Total assets	<u>193 958</u>	<u>7 420</u>	<u>89 143</u>
<u>LIABILITIES</u>			
Accounts payable	3 316		
Accrued payroll	17 121		
Due to General fund		<u>6 192</u>	
Total liabilities	<u>20 437</u>	<u>6 192</u>	
<u>FUND BALANCES</u>			
Unreserved			
Undesignated	104 546	1 228	89 143
Designated for subsequent years expenditures	<u>68 975</u>		
Total fund balances	<u>\$ 173 521</u>	<u>\$ 1 228</u>	<u>\$ 89 143</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets of \$1,257,468, net of accumulated depreciation of
\$444,436 are not financial resources and are not reported in the funds

Net assets of governmental activities

See accompanying notes to financial statements.

LESLIE TOWNSHIP
STATEMENT OF ACTIVITIES
JUNE 30, 2003

Functions/Programs	<u>Expenses</u>	<u>Charges for services</u>	<u>Net(expense) revenue</u>
Primary government			
General government	\$ 242 183	\$ 3 275	\$(238 908)
Public safety	109 187	37 761	(71 426)
Public works	39 943		(39 943)
Health and welfare	9 011		(9 011)
Culture and recreation	5 108		(5 108)
Total governmental activities	<u>\$ 405 432</u>	<u>\$ 41 036</u>	(364 396)
General revenues			
Property taxes			225 344
State - shared revenue			174 736
Interest income			1 407
Miscellaneous			<u>7 192</u>
Total general revenues			<u>408 679</u>
Change in net assets			44 283
Net assets, at beginning of year			<u>1 100 176</u>
Net assets, at end of year			<u>\$ 1 144 459</u>

See accompanying notes to financial statements.

LESLIE TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2004

	General Fund	Fire Protection Fund	Road Improvement Fund
REVENUES			
Taxes	\$ 81 796	\$ 57 424	\$ 57 424
State government	174 736		
Charges for fire runs	13 515		
Building permits	24 246		
Building rental	3 275		
Interest	954	128	113
Miscellaneous	7 192		
Total revenues	<u>305 714</u>	<u>57 552</u>	<u>57 537</u>
EXPENDITURES			
General government	211 189		
Public safety	68 844	15 000	
Public works	17 693		22 250
Health and welfare	9 011		
Culture and recreation	6 725		
Total expenditures	<u>313 462</u>	<u>15 000</u>	<u>22 250</u>
Excess(deficiency) of revenues over expenditures	<u>(7 748)</u>	<u>42 552</u>	<u>35 287</u>
OTHER FINANCING SOURCE(USE)			
Operating transfer in			
Operating transfer out	(15 000)		
Total other financing source(use)	<u>(15 000)</u>		
Excess(deficiency) of revenues and other source over expenditures and other use	(22 748)	42 552	35 287
FUND BALANCE, at beginning of year	<u>196 269</u>	<u>(41 324)</u>	<u>53 856</u>
FUND BALANCE, at end of year	<u>\$173 521</u>	<u>\$ 1 228</u>	<u>\$ 89 143</u>

Excess(deficiency) of revenues and other source over expenditures and other use

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. Current period capital outlays of \$7,207 were exceeded by depreciation expense of \$41,927.

Change in net assets of governmental activities

See accompanying notes to financial statements.

Cemetery Maintenance Fund	Public Improvement Fund	Total Governmental Funds
---------------------------------	-------------------------------	--------------------------------

\$ 42 614	\$ 24 921	\$ 349 740
		1 970
		154
		<u>6 192</u>

<u>42 614</u>	<u>24 921</u>	<u>358 056</u>
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		3 316
		17 121
		<u>6 192</u>

		<u>26 629</u>
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42 614	24 921	262 452
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		<u>68 975</u>
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<u>\$ 42 614</u>	<u>\$ 24 921</u>	331 427
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813 032

\$ 1 144 459

Cemetery Maintenance Fund	Public Improvement Fund	Total Governmental Fund
\$ 28 700	\$	\$ 225 344
		174 736
		13 515
		24 246
		3 275
54	158	1 407
		7 192
<u>28 754</u>	<u>158</u>	<u>449 715</u>
20 000		231 189
		83 844
		39 943
		9 011
		6 725
<u>20 000</u>		<u>370 712</u>
<u>8 754</u>	<u>158</u>	<u>79 003</u>
	15 000	15 000
		(15 000)
	<u>15 000</u>	
8 754	15 158	79 003
<u>33 860</u>	<u>9 763</u>	<u>252 424</u>
<u>\$ 42 614</u>	<u>\$ 24 921</u>	<u>\$ 331 427</u>
		\$ 79 003
		(34 720)
		<u>\$ 44 283</u>

LESLIE TOWNSHIP

STATEMENT OF NET ASSETS - TAX REVOLVING FUND

JUNE 30, 2004

ASSETS

Cash	\$	154
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LIABILITIES

Due to General Fund		<u>154</u>
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Net assets	\$	<u><u> </u></u>
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See accompanying notes to financial statements.

LESLIE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Leslie Township conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies used by Leslie Township:

A. Reporting Entity

Leslie Township is governed by an elected five-member Board. The accompanying financial statements present the government with no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Leslie Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting, as is the fiduciary fund financial statement. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

LESLIE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

The Leslie Township property tax is levied on December 1 on the taxable valuation of property (as defined by State statutes) located in Leslie Township as of the preceding December 31. It is Leslie Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The Government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Protection Fund accounts for the one mill levied for the acquisition, maintenance and operation of fire protection services and equipment for the Township.

The Road Improvement Fund accounts for the one mill levied to help fund the improvement, maintenance and repair of roads in the Township.

The Cemetery Fund accounts for the one half mill levied to help fund the operation and maintenance of the cemetery in the Township.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include charges to customers or applicants for goods, services or privileges provided. Generally revenue includes all taxes.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1 on the taxable valuation of property as of the proceeding December 31. Taxes are considered delinquent on February 28 of the following year, at which time they are turned over to Ingham County for collection.

Capital Assets - Capital assets, which include property and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

LESLIE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Land improvements	25 years
Fire vehicles	20 years
Office and fire equipment	10 years
Computer equipment	5 years

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. By state law, expenditures may not exceed budgeted amounts and a fund deficit may not be budgeted.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. All budget amendments are approved by the Township Board.

(3) CASH DEPOSITS

All of the Township's funds are received by the Township Treasurer and deposited with institutions approved by the Township Board. At June 30, 2004, the Township had \$349,740 on deposit at a local bank of which \$100,000 was covered by FDIC insurance.

(4) CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Balance July 1, 2003	Increases	Decreases	Balance June 30, 2004
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 17 649	\$	\$	\$ 17 649
Capital assets being depreciated				
Buildings	635 603			635 603
Improvements other than buildings	73 066	3 725		76 791
Equipment	523 941	3 482		527 423
Subtotal	1 232 610	7 207		1 239 817

LESLIE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Less accumulated depreciation for			
Buildings	134 475	12 712	147 187
Improvements other than buildings	21 589	2 997	24 586
Equipment	<u>246 443</u>	<u>26 218</u>	<u>272 661</u>
Subtotal	<u>402 507</u>	<u>41 927</u>	<u>444 434</u>
Net capital assets being depreciated	<u>830 103</u>	<u>(34 720)</u>	<u>795 383</u>
Governmental activities capital total			
Capital assets - net of depreciation	<u>\$ 847 752</u>	<u>\$ (34 720)</u>	<u>\$ 813 032</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 14 476
Public safety	25 343
Recreation and culture	<u>2 108</u>
Total governmental activities	<u>\$ 41 927</u>

(5) RISK MANAGEMENT

Leslie Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). Leslie Township has purchased commercial insurance for property, liability, wrongful acts, crime inland marine and other risks of loss including workers' compensation and accident insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

(6) EMPLOYEES' RETIREMENT SYSTEM-DEFINED CONTRIBUTION

On July 1, 1991, the Township adopted a defined contribution pension plan covering all elected officials and employees paid on a monthly basis. This benefit is an insurance-type plan administered by the Township Clerk under the provisions of Section 401(a) of the Internal Revenue Code.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. The benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on the investments of those contributions. The plan requires the Township to contribute fifteen percent of the participating employee's gross wages, with immediate vesting. Participants may make voluntary after-tax contributions up to ten percent of compensation.

During the year, the Township's required and actual contributions amounted to \$17,093 which was fifteen percent of covered payroll. The plan is funded through Manufacturers Life Insurance Company.

LESLIE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

(7) SPECIAL MILLAGES

In August 1996, Township voters approved three special millages: one mill for the acquisition, maintenance and operation of fire protection services and equipment for the Township, one mill for improvement, maintenance and repair of roads in the Township, and one half mill for the operation and maintenance of the cemetery in the Township. All special millages were for the five years from 1996 through 2000 and have been accounted for in separate special revenue funds. In August 2001, the three millages were renewed through December 2004. In August 2004, the fire millage was extended through December 2008.

(8) BUILDING PERMIT FEES AND RELATED EXPENDITURES

For the period July 1, 2003, through June 30, 2004, building permit fees and related expenditures were as follows:

Building permit revenue	<u>\$ 24 246</u>
Inspection department salaries	14 335
Fringe benefits	2 358
Travel and training	3 849
Allocated overhead	<u>2 150</u>
Total expenditures	<u>22 692</u>
Excess(deficiency) of revenues over expenditures	1 554
Prior net revenue(expenditure)	<u>(6 599)</u>
Net revenue(expenditure) January 1, 2000 through June 30, 2004	<u>\$ (5 045)</u>

REQUIRED SUPPLEMENTARY INFORMATION

LESLIE TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

	Original budget	Final budget	Year ended June 30, ----- 2004 2003	
REVENUES	\$ 282 800	\$ 282 800	\$305 714	\$328 588
EXPENDITURES				
Legislative - Township Board	32 940	32 940	27 139	39 457
Supervisor	20 750	20 750	19 070	16 881
Elections	7 500	7 500	2 442	3 779
Assessor	26 752	26 752	26 131	26 165
Professional fees	12 300	17 900	16 700	11 546
Clerk	28 470	28 470	27 377	26 181
Board of review	700	700	450	480
Treasurer	27 130	27 130	24 833	25 627
Township Hall and grounds	38 600	38 600	34 753	18 763
Cemetery	600	600	600	600
Fire	45 250	45 270	42 440	43 452
Public safety	250	250	250	10
Inspection Department	31 950	31 950	26 154	27 850
Public works	19 308	19 308	17 693	18 857
Planning and Zoning	8 900	8 900	2 109	5 334
Health and welfare	15 000	12 380	9 011	5 100
Culture and recreation	13 300	8 300	6 725	7 047
Other functions	38 000	35 000	29 585	38 634
Total expenditures	367 700	362 700	313 462	315 763
Excess(deficiency) of revenues over expenditures	(84 900)	(79 900)	(7 748)	12 825
OTHER FINANCING SOURCE (USE)				
Operating transfer out - Public Improvement Funds	(10 000)	(15 000)	(15 000)	(5 000)
Excess(deficiency) of revenues over expenditures and other use	(94 900)	(94 900)	(22 748)	7 825
FUND BALANCE, at beginning of year	196 269	196 269	196 269	188 444
FUND BALANCE, at end of year	\$101 369	\$101 369	\$173 521	\$196 269

See accompanying notes to financial statements.

LESLIE TOWNSHIP
FIRE PUBLIC IMPROVEMENTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

	Original budget	Final budget	Year ended June 30, ----- 2004 2003	
REVENUES				
Interest income	\$ 50	\$ 50	\$ 29	\$ 2 250
EXPENDITURES				
Fire department - capital outlay				<u>93 808</u>
Excess(deficiency) of revenues over expenditures	50	50	29	(91 558)
OTHER FINANCING SOURCE				
Operating transfer in	<u>10 000</u>	<u>10 000</u>	<u>10 000</u>	
Excess(deficiency) of revenues and other source over expenditures	10 050	10 050	10 029	(91 558)
FUND BALANCE, at beginning of year	<u>3</u>	<u>3</u>	<u>3</u>	<u>91 561</u>
FUND BALANCE, at end of year	<u>\$ 10 053</u>	<u>\$ 10 053</u>	<u>\$ 10 032</u>	<u>\$ 3</u>

See accompanying notes to financial statements.

LESLIE TOWNSHIP
PAVILION PUBLIC IMPROVEMENTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

	Original budget	Final budget	Year ended June 30, ----- 2004	2003
REVENUES				
Interest income	\$ 250	\$ 250	\$ 129	\$ 166
OTHER FINANCING SOURCE				
Operating transfer in	-----	-----	5 000	5 000
Excess of revenues and other source	250	250	5 129	5 166
FUND BALANCE, at beginning of year	9 760	9 760	9 760	4 594
FUND BALANCE, at end of year	<u>\$ 10 010</u>	<u>\$ 10 010</u>	<u>\$ 14 889</u>	<u>\$ 9 760</u>

See accompanying notes to financial statements.

LESLIE TOWNSHIP
FIRE PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

	Original budget	Final budget	Year ended June 30, ----- 2004 2003	
REVENUES				
Property taxes	\$ 56 500	\$ 56 500	\$ 57 424	\$ 53 542
Interest income	50	50	128	293
Total revenues	<u>56 550</u>	<u>56 550</u>	<u>57 552</u>	<u>53 835</u>
EXPENDITURES				
Public safety - fire operating	52 500	15 000	15 000	23 000
Fire department - capital outlay				<u>133 192</u>
Total expenditures	<u>52 500</u>	<u>15 000</u>	<u>15 000</u>	<u>156 192</u>
Excess(deficiency) of revenues over expenditures	4 050	41 550	42 552	(102 357)
FUND BALANCE, at beginning of year	<u>(41 324)</u>	<u>(41 324)</u>	<u>(41 324)</u>	<u>61 033</u>
FUND BALANCE, at end of year	<u>\$ (37 274)</u>	<u>\$ 226</u>	<u>\$ 1 228</u>	<u>\$ (41 324)</u>

See accompanying notes to financial statements.

LESLIE TOWNSHIP
ROAD IMPROVEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

	Original budget	Final budget	Year ended June 30, ----- 2004	2003
REVENUES				
Property taxes	\$ 56 500	\$ 56 500	\$ 57 424	\$ 53 542
Interest income	<u>200</u>	<u>200</u>	<u>113</u>	<u>211</u>
Total revenues	56 700	56 700	57 537	53 753
EXPENDITURES				
Public works - roads	<u>25 000</u>	<u>25 000</u>	<u>22 250</u>	<u>87 500</u>
Excess(deficiency) of revenues over expenditures	31 700	31 700	35 287	(33 747)
FUND BALANCE, at beginning of year	<u>53 856</u>	<u>53 856</u>	<u>53 856</u>	<u>87 603</u>
FUND BALANCE, at end of year	<u>\$ 85 556</u>	<u>\$ 85 556</u>	<u>\$ 89 143</u>	<u>\$ 53 856</u>

See accompanying notes to financial statements.

LESLIE TOWNSHIP
CEMETERY MAINTENANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

	Original budget	Final budget	Year ended June 30, ----- 2004 2003	
REVENUES				
Property taxes	\$ 28 250	\$ 28 250	\$ 28 700	\$ 26 759
Interest income	<u>50</u>	<u>50</u>	<u>54</u>	<u>164</u>
Total revenues	28 300	28 300	28 754	26 923
EXPENDITURES				
Cemetery contribution	<u>20 000</u>	<u>20 000</u>	<u>20 000</u>	<u>20 604</u>
Excess of revenues over expenditures	8 300	8 300	8 754	6 319
FUND BALANCE, at beginning of year	<u>33 860</u>	<u>33 860</u>	<u>33 860</u>	<u>27 541</u>
FUND BALANCE, at end of year	<u>\$ 42 160</u>	<u>\$ 42 160</u>	<u>\$ 42 614</u>	<u>\$ 33 860</u>

See accompanying notes to financial statements.

ADDITIONAL INFORMATION

LESLIE TOWNSHIP
GENERAL FUND
SCHEDULE OF REVENUES

	Original budget	Final budget	Year ended June 30, -----	
			2004	2003
Taxes				
Operating	\$ 56 000	\$ 56 000	\$ 56 944	\$ 53 013
Administration fee	22 000	22 000	23 853	22 129
Penalties and interest	800	800	999	1 052
Total taxes	<u>78 800</u>	<u>78 800</u>	<u>81 796</u>	<u>76 194</u>
Intergovernmental				
State shared revenues	<u>182 500</u>	<u>182 500</u>	<u>174 736</u>	<u>183 446</u>
Charges for services				
Fire retainer and fees	<u>6 500</u>	<u>6 500</u>	<u>13 515</u>	<u>11 197</u>
Building permits	<u>12 000</u>	<u>12 000</u>	<u>24 246</u>	<u>22 666</u>
Miscellaneous				
Building rental	1 500	1 500	3 275	2 935
Interest income	500	500	954	1 563
Sale of assets				28 750
Miscellaneous	<u>1 000</u>	<u>1 000</u>	<u>7 192</u>	<u>1 837</u>
Total miscellaneous	<u>3 000</u>	<u>3 000</u>	<u>11 421</u>	<u>35 085</u>
Total revenues	<u>\$282 800</u>	<u>\$282 800</u>	<u>\$305 714</u>	<u>\$328 588</u>

LESLIE TOWNSHIP

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES

	Original budget	Final budget	Year ended June 30, -----	
			2004	2003
Legislative - Township Board				
Per diem	\$ 7 500	\$ 7 500	\$ 6 990	\$ 7 195
Clerical	5 280	5 280	5 047	3 225
Supplies	3 500	3 500	4 059	3 819
Dues	1 300	1 300	1 403	1 326
Travel and training	4 000	4 000	2 245	3 284
Printing and publishing	3 500	3 500	4 036	3 612
Miscellaneous	3 000	3 000	780	1 063
Capital outlay	4 860	4 860	2 579	15 933
Total legislative - Township Board	32 940	32 940	27 139	39 457
Supervisor				
Salary	15 750	15 750	15 750	15 000
Deputy	1 000	1 000	118	318
Supplies	500	500		
Travel and training	3 500	3 500	3 202	1 563
Total Supervisor	20 750	20 750	19 070	16 881
Elections				
Per diem	3 000	3 000	520	2 026
Supplies	2 500	2 500	791	1 411
Printing and publishing	500	500	228	342
Capital outlay	1 500	1 500	903	
Total elections	7 500	7 500	2 442	3 779
Assessor				
Salary	18 477	18 477	18 477	17 914
Assistant assessor	2 500	2 500	1 502	2 002
Supplies	4 000	4 000	4 493	4 548
Dues	75	75	15	20
Travel and training	1 700	1 700	1 644	1 681
Total Assessor	26 752	26 752	26 131	26 165
Professional fees				
Attorney	10 000	15 600	14 400	9 346
Audit	2 300	2 300	2 300	2 200
Total professional fees	12 300	17 900	16 700	11 546

LESLIE TOWNSHIP

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES

	Original budget	Final budget	Year ended June 30, -----	
			2004	2003
Clerk				
Salary	\$ 21 630	\$ 21 630	\$ 21 630	\$ 21 000
Deputy	3 000	3 000	2 402	2 694
Supplies	1 000	1 000	388	365
Dues	165	165	195	165
Travel and training	2 675	2 675	2 762	1 957
Total Clerk	<u>28 470</u>	<u>28 470</u>	<u>27 377</u>	<u>26 181</u>
Board of Review				
Per diem	700	700	450	480
Treasurer				
Salary	21 630	21 630	21 630	21 000
Deputy	1 200	1 200	486	260
Supplies	700	700	324	395
Dues	200	200	190	148
Travel and training	3 300	3 300	2 203	3 824
Publications	100	100		
Total Treasurer	<u>27 130</u>	<u>27 130</u>	<u>24 833</u>	<u>25 627</u>
Township Hall and grounds				
Salary	3 000	3 000	2 376	2 328
Supplies	1 000	1 000	530	150
Utilities	5 000	5 000	3 870	4 180
Telephone	4 000	4 000	3 769	3 548
Repairs and maintenance	25 600	25 600	24 208	8 557
Total Township Hall and grounds	<u>38 600</u>	<u>38 600</u>	<u>34 753</u>	<u>18 763</u>
Cemetery				
Salary	600	600	600	600

LESLIE TOWNSHIP

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES

	Original budget	Final budget	Year ended June 30,	
			2004	2003
Fire				
Wages	\$ 6 000	\$ 6 000	\$ 6 318	\$ 761
Supplies	8 000	8 000	6 196	1 555
Telephone	1 500	1 500	1 592	1 338
Travel and training	1 500	1 500	61	658
Insurance and bonds	11 500	11 500	13 119	1 224
Utilities	2 250	2 250	3 328	2 151
Repairs and maintenance	6 000	6 000	11 584	2 565
Miscellaneous	500	500	242	85
Capital outlay	8 000	8 020		33 115
Total fire	45 250	45 270	42 440	43 452
Public safety	250	250	250	10
Inspection Department				
Zoning Administrator salary	7 950	7 950	7 970	7 744
Building Inspector salary	7 000	7 000	6 330	6 750
Electrical Inspector salary	5 000	5 000	3 180	3 960
Plumbing Inspector salary	7 000	7 000	4 825	4 790
Travel and training	5 000	5 000	3 849	4 606
Total inspection department	31 950	31 950	26 154	27 850
Public works				
Roads	7 308	7 308	7 760	12 355
Drains	12 000	12 000	9 933	6 502
Total public works	19 308	19 308	17 693	18 857
Planning and Zoning				
Planning Commission per diem	3 000	3 000	1 170	1 830
Board of Appeals per diem	400	400	120	302
Construction Appeals per diem	500	500		
Miscellaneous	5 000	5 000	819	3 202
Total planning and zoning	8 900	8 900	2 109	5 334

LESLIE TOWNSHIP

GENERAL FUND

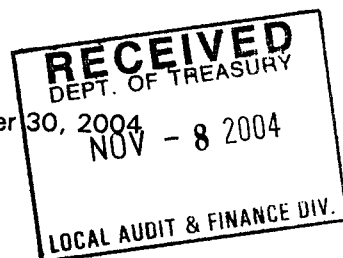
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES

	Original budget	Final budget	Year ended June 30,	
			2004	2003
Health and welfare				
Recycling	\$ 3 000	\$ 380	\$	\$
Clean-up days	12 000	12 000	9 011	5 100
Total health and welfare	15 000	12 380	9 011	5 100
Culture and recreation				
Community pool	3 000	3 000	3 000	3 000
Neighborhood Watch	300	300		
Capital outlay - park pavilion	10 000	5 000	3 725	4 047
Total culture and recreation	13 300	8 300	6 725	7 047
Other functions				
Insurance and bonds	9 000	9 000	8 472	17 637
Social security	5 000	5 000	4 020	4 014
Pensions	19 000	19 000	17 093	16 983
Contingency	5 000	2 000		
Total other functions	38 000	35 000	29 585	38 634
Total appropriations and expenditures	<u>\$367 700</u>	<u>\$362 700</u>	<u>\$313 462</u>	<u>\$315 763</u>

David E. Haddrill, P.C.
Certified Public Accountant

834 N. Capitol, Lansing, MI 48906-5114
517/484-4200 Fax: 517/484-4262

September 30, 2004



Township Board
Leslie Township

We have completed our examination of the financial statements of Leslie Township for the year ended June 30, 2004. During our examination, we reviewed certain accounting, business, and other procedures as part of our evaluation of the system of internal controls. Although our examination would not necessarily disclose all areas where improvements could be made, we did note the following.

PRIOR RECOMMENDATION

The Fire Protection Fund had a fund deficit of \$41,324 as of June 30, 2003. We were pleased to note that as of June 30, 2004, this deficit was eliminated.

We would be pleased to assist you if you have any questions concerning the above or if we can help in any other way.

We appreciate the cooperation that we received from Township personnel and look forward to providing continued service to the Township.

Sincerely,

David E. Haddrill

David E. Haddrill
Certified Public Accountant